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# FALCONBRIDGE

NICKEL MINES LIMITED

FALCONBRIDGE



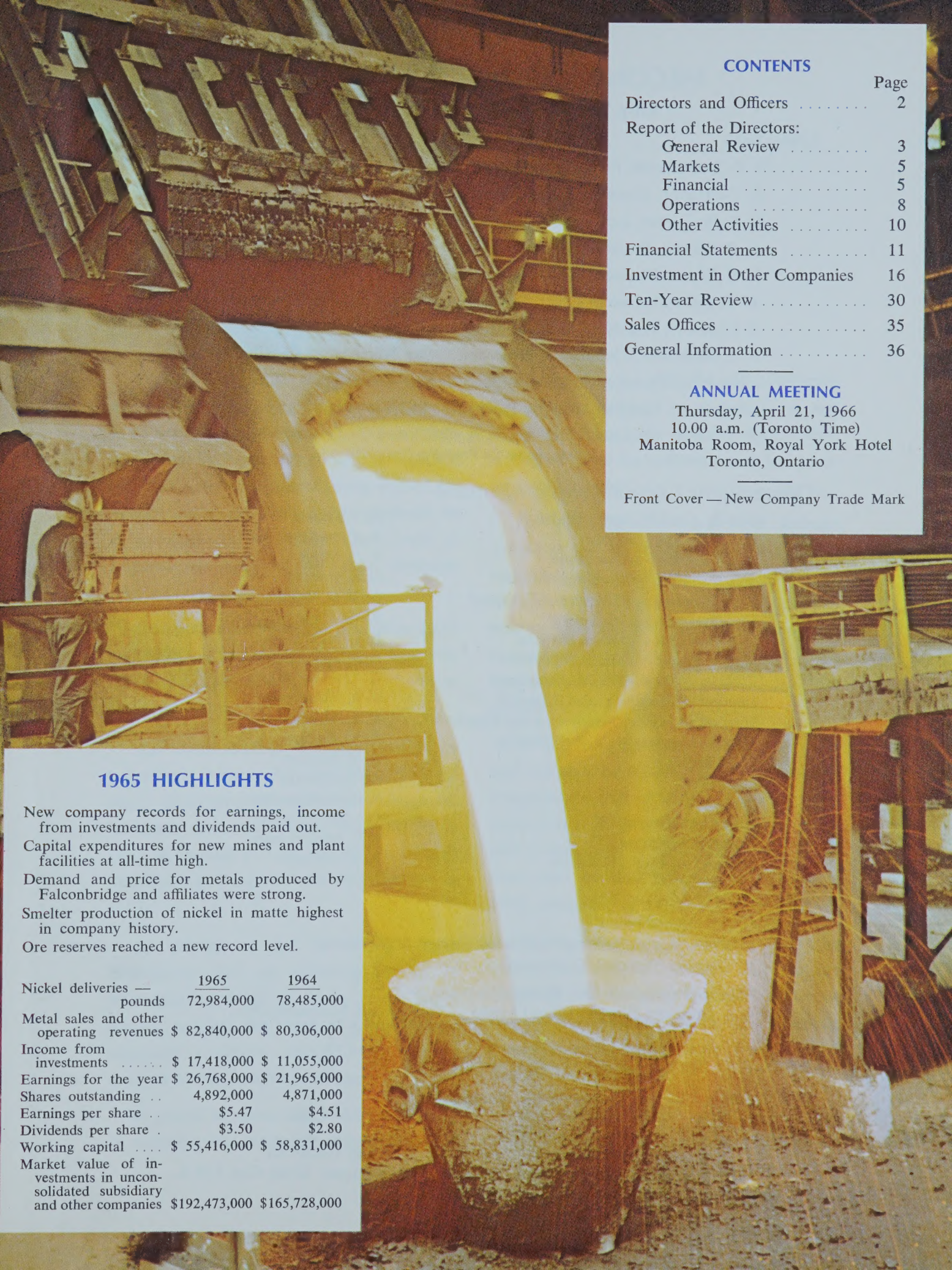
ANNUAL  
REPORT  
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## ANNUAL MEETING

Thursday, April 21, 1966  
10.00 a.m. (Toronto Time)  
Manitoba Room, Royal York Hotel  
Toronto, Ontario

Front Cover — New Company Trade Mark

## 1965 HIGHLIGHTS

New company records for earnings, income from investments and dividends paid out.

Capital expenditures for new mines and plant facilities at all-time high.

Demand and price for metals produced by Falconbridge and affiliates were strong.

Smelter production of nickel in matte highest in company history.

Ore reserves reached a new record level.

	1965	1964
Nickel deliveries — pounds	72,984,000	78,485,000
Metal sales and other operating revenues	\$ 82,840,000	\$ 80,306,000
Income from investments .....	\$ 17,418,000	\$ 11,055,000
Earnings for the year	\$ 26,768,000	\$ 21,965,000
Shares outstanding ..	4,892,000	4,871,000
Earnings per share ..	\$5.47	\$4.51
Dividends per share ..	\$3.50	\$2.80
Working capital ....	\$ 55,416,000	\$ 58,831,000
Market value of investments in unconsolidated subsidiary and other companies	\$192,473,000	\$165,728,000



# FALCONBRIDGE NICKEL MINES LIMITED

7 King Street East, Toronto 1, Ontario, Canada

## Directors

- \*J. D. BARRINGTON, President and Managing Director, McIntyre Porcupine Mines Limited
  - R. CAMPBELL, Executive Vice-President
  - C. F. H. CARSON, Q.C., Partner, law firm of Tilley, Carson, Findlay & Wedd
  - O. D. COWAN, President and General Manager, Ontario Steel Products Company Limited
  - \*H. J. FRASER, President and Managing Director
  - W. F. JAMES, Partner in James, Buffam and Cooper, Consulting Geologists
  - T. LINDSLEY, President, Northfield Mines Inc.
  - L. J. MCGOWAN, Chairman of the Board, Taylor Woodrow of Canada Limited
  - J. STEWART, Director, Canadian Imperial Bank of Commerce
  - S. M. WEDD, Director, McIntyre Porcupine Mines Limited
  - \*R. B. WEST, Chairman of the Board, A. E. Ames & Co. Limited
- \*Member of the Executive Committee

## Officers and Corporate Management

President and Managing Director	H. J. FRASER
Executive Vice-President	R. CAMPBELL
Vice-President — Operations	R. C. MOTT
Vice-President — Corporate Affairs	G. S. JEWETT
Vice-President — Finance and Secretary	G. T. N. WOODROOFFE
Vice-President — Marketing	W. G. DAHL
Vice-President — Nickel Division	E. L. HEALY
Vice-President — Minerals Division	P. N. PITCHER
Director of Exploration and Geology	G. P. MITCHELL
Director of Metallurgy and Research	F. R. ARCHIBALD
Director of Mining Engineering and Research	E. L. HEALY
General Manager — Nickel Division	R. M. OLIVER
Chief Engineer	R. H. MOORE
Controller	A. W. COOME
Treasurer	J. T. McWHIRTER
Assistant Secretary	J. L. MATTHEWS
Assistant Treasurer	J. R. McKEEMAN
Manager — Public Relations	H. L. HICKEY

## Operations Managers

- Nickel Operations —
- D. R. LOCHHEAD, Sudbury Operations, Falconbridge, Ontario
- R. JAHNSEN, Refinery, Kristiansand S., Norway
- Wholly-Owned Subsidiary Mining Operation —
- F. A. GODFREY, Wesfrob Mines Limited — Tasu Project, Vancouver, B.C.

**Solicitors** TILLEY, CARSON, FINDLAY & WEDD, Toronto

**Auditors** CLARKSON, GORDON & CO., Toronto

## Transfer Agents and Registrars

CROWN TRUST COMPANY, Toronto, Montreal and Vancouver  
REGISTRAR AND TRANSFER COMPANY, New York and Jersey City, U.S.A.

## REPORT OF THE DIRECTORS

### GENERAL REVIEW

During 1965 your company enjoyed a continuance of the strong momentum generated by its record-setting performance of the previous year. Your Directors take pleasure in reporting that once again, in a year of strong demand for nickel, copper and other metals produced by Falconbridge and its affiliates, new levels of corporate earnings and per share dividends were recorded.

Earnings amounted to \$26,768,000 or \$5.47 per share, an increase of 21.9 per cent over comparable 1964 earnings, of \$21,965,000 or \$4.51 per share.

The record earnings were made possible by a significant increase of \$6,548,000 or 73.6 per cent in dividends received from other companies. Dividends from this source, \$15,448,000 in 1965, represented 57.7 per cent of the company's total earnings, compared with 40.5 per cent in 1964.

In addition to the dividends received, Falconbridge had an estimated interest of \$7,445,000 or \$1.52 per share in the undistributed earnings less losses of subsidiary and associated companies. This \$7,445,000 is not included in the company's earnings.

It should be noted that a different method of recording the company's income taxes has

been adopted in the 1965 financial statements. This change, explained on page 6, in no way affects the timing or the amount of taxes paid, nor does it affect the company's cash and working capital position.

In order that 1965 and 1964 financial statements can be presented on a comparable basis, the 1964 results have been re-stated on the new tax reporting basis. Under the former practice, earnings for 1965 would have been reported at \$32,268,000 or \$6.60 per share compared with \$24,965,000 or \$5.12 per share as reported last year.

Dividends of 75 cents each quarter were paid plus an extra dividend of 50 cents, making a total for the year of \$3.50 per share as compared with \$2.80 in 1964. Dividends have been paid continuously by the company for thirty-three years, the total, including \$17,096,000 in 1965, amounting to \$110,823,000.

The dynamic state of business activity in industrialized countries created a heavy demand for metals. At the same time, political unrest and unsettled conditions, particularly in certain copper-producing areas, placed severe upward pressure on metal prices.

The consumption of nickel in the Free World in 1965 again showed exceptional growth.



It is estimated to have exceeded 700,000,000 pounds after passing the record 600,000,000-pound level in the previous year. In the current period of high demand, nickel made available to industry from the United States Government stockpile should assist in maintaining continuity of supply, as well as provide orderly distribution of stockpile nickel.

The demand for both nickel and copper was strong throughout the year. Our deliveries of both nickel and copper were limited only by production. Company output was maintained at the highest possible level.

Intensive planning continued during the year on expansion of mining, treatment and refining facilities of the nickel division to an annual capacity of about 100 million pounds of nickel plus accompanying metals — this increase being made possible by Strathcona production commencing in late 1967 or early 1968. Heavy expenditures on this program in 1965 were a forerunner of much heavier expenditures on mine and treatment facilities in 1966 and 1967.

Important activities were carried on during the year by a number of the company's subsidiary and associated companies:

— Expenditures of \$9,953,000 were made on the Tasu iron-copper mine of wholly-owned Wesfrob Mines Limited, toward bringing it into production late this year.

— Fahlralloy Canada Limited, also wholly-owned, enjoyed another year of record earnings and completed plans for the construction of expanded plant facilities at an estimated cost of \$2,500,000.

— Lake Dufault Mines Limited in the Noranda district of Quebec brought its high grade ore-body into production in October 1964 and experienced a most profitable year in 1965. Dividends totalling \$3,695,000 were received by Falconbridge from this company in the past year.

— Due to the exceptionally high prices for copper which prevailed on the London Metal Exchange, at which prices Kilembe Copper Cobalt Ltd. and La Luz Mines Limited sold their copper, these companies set new records for earnings and dividends paid.

— In recent years both Falconbridge and Raglan Nickel Mines Limited have carried on nickel exploration activities on contiguous properties in the Cape Smith-Wakeham Bay area of Ungava. Agreement was reached in the latter part of the year to merge the properties and activities of the two companies. This action was effected through Raglan which was reorganized under the name of New Quebec Raglan Mines Limited. The merger agreement provided for a \$2,000,000 exploration program to be carried out by Falconbridge. Through contribution of property and to a much lesser extent through purchase of shares, Falconbridge acquired a 59 per cent interest in the reorganized company.

— Exploration and underground development at Kiena Gold Mines Limited continued through most of the year. The results were considered not sufficiently encouraging to justify the extensive investment required to place the property in production at this time, and it has been placed on a care and maintenance basis.



## MARKETS

<b>FALCONBRIDGE METAL DELIVERIES</b>		Pounds	
	1965	1964	
Nickel .....	72,984,000	78,485,000	
Copper .....	33,813,000	25,102,000	

Heavy deliveries in 1964 depleted the company's excess stocks of finished and unfinished nickel existing at the beginning of that year. Accordingly, deliveries in 1965 which were largely determined by refinery production were less than in 1964 by 5,501,000 pounds. The company held no excess inventory of copper at the beginning of 1964, and deliveries of that metal in each year were limited by refinery production. There was a sharp rise in income from increased sales of precious metals and sundry by-products at higher prices during 1965.

In September the United States Government suspended until June 30, 1967, the import duty of 1¼ cents per pound of refined nickel. The base price of electrolytic nickel to U.S. purchasers was accordingly reduced by this amount to 77¾ cents U.S. per pound. Otherwise the nickel price remained steady through-

out 1965, unchanged from the level established in 1962.

### METAL PRICES

World copper continued in short supply throughout the year and was sold at two general price levels: the "producers' price", at which most copper sales were made, and the substantially higher "London Metal Exchange" (L.M.E.) price. The producers' price moved from £260 per long ton at the beginning of 1965 to £336 by year-end. L.M.E. prices for cash wirebars rose from £400 in early January to £568 at year-end. Falconbridge, Opemiska and Lake Dufault sold copper at the "producers' price". Kilembe and La Luz sold their copper at prices based on the L.M.E.

Demand for cobalt was strong throughout the year. An increase of U.S. 15 cents per pound was put into effect on March 1. A similar situation prevailed in respect of precious metals — steady demand and firm, or increasing, prices. A slight weakness occurred in the "free market" price for platinum late in the year, but nevertheless a highly favourable price was maintained.

## FINANCIAL REVIEW

### SUMMARY DATA

	1965	1964	Increase or (Decrease)
Earnings .....	\$ 26,768,000	\$ 21,965,000	\$ 4,803,000
— per share .....	\$5.47	\$4.51	\$0.96
Operating profit from nickel operations .....	\$ 23,380,000	\$ 23,999,000	\$ (619,000)
Dividends received from subsidiary and other companies	\$ 15,448,000	\$ 8,900,000	\$ 6,548,000
Dividends paid to shareholders .....	\$ 17,096,000	\$ 13,617,000	\$ 3,479,000
— per share .....	\$3.50	\$2.80	\$0.70
Working capital (at December 31) .....	\$ 55,416,000	\$ 58,831,000	\$ (3,415,000)
— per share .....	\$11.33	\$12.08	\$ (0.75)
Indicated market value of shares in unconsolidated subsidiary and other companies (at December 31)	\$192,473,000	\$165,728,000	\$26,745,000
— per share .....	\$39.35	\$34.02	\$5.33



## EARNINGS

Reference has been made above to 1965 record earnings, more than half of which represented dividend income received from the company's non-nickel interests. The net increase of \$6,548,000 in dividends is almost entirely attributable to Lake Dufault Mines Limited, Kilembe Copper Cobalt Ltd. and La Luz Mines Limited. Both Kilembe and La Luz had record earnings and paid record dividends in 1965. Lake Dufault resumed the payment of dividends after eleven years and paid its first dividend from the mining operations which started in October, 1964. Ventron Corporation paid its first dividend in 1965.

Operating profit from the nickel operations at \$23,380,000 was \$619,000 less than in 1964. Much of the expenditures for exploration, research and development and much of the provision for income tax, not deducted in arriving at "operating profit", are incurred on behalf of nickel operations and must be taken into account in making a full assessment of these operations. Such deductions from income were somewhat higher in 1965 than in 1964.

The reduction in revenues in 1965 from nickel deliveries was more than offset by higher revenues from increased deliveries at higher prices of copper, cobalt, precious metals and other products. A higher production level at the company's Sudbury operations provided some relief against the effect of the increase in cost of labour and materials.

## INCOME TAXES

By claiming permitted write-offs of capital and preproduction expenditures on mines and plants not yet brought into production (Strathcona and Tasu), current taxes are being held to a level lower than would otherwise obtain. The corresponding write-offs will not be made

to the current Earnings account until the mines come into production.

For this reason the provisions for taxes made in the Earnings account in recent years have been relatively low. The converse will be the case in later years when these write-offs will have been reduced for tax purposes, but will be appearing in the accounts as charges against Earnings. This situation has been explained in the past by notes to the financial statements. In order to present the tax position more directly, it has been decided to include in the Earnings account a provision for tax calculated on the basis of the amounts of write-offs charged in the Earnings account each year rather than the amounts claimed against taxable income. The difference in the tax calculations on the two bases in 1965 represents a deferment of tax to future years in the amount of \$5,500,000.

For comparative purposes, the consolidated statements for 1964 have been re-stated on the new basis. The amount of \$1,000,000 for deferred income taxes in the revised consolidated balance sheet at December 31, 1964 is the net of the potential prepayment or deferred tax debit of \$2,000,000 as at the beginning of 1964 and taxes of \$3,000,000 for that year deferred to future years as shown in the revised earnings statement.

## WORKING CAPITAL

The company's working capital position remained strong throughout the year but decreased moderately to \$55,416,000 at the year-end. Cash flow from operations amounted to \$35,244,000 compared with \$27,555,000 for 1964.

Dividends of \$17,096,000 paid to shareholders were higher by nearly \$3,500,000 over 1964 payments. Capital and preproduction expenditures primarily for the Tasu and Strath-



cona projects required \$20,537,000. This amount does not include development expenditures for mines in production. In 1965 the company realized a net inflow of funds of \$1,646,000 on investments in subsidiary and other companies as compared with a net outflow in 1964 of \$13,332,000.

#### INVESTMENT IN UNCONSOLIDATED SUBSIDIARY AND OTHER COMPANIES

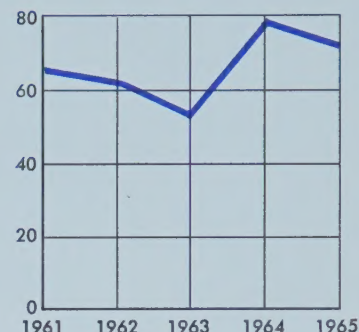
A statement listing these investments is set forth on pages 16 and 17 of the report.

Additions to the investment portfolio during 1965 consisted chiefly of shares acquired in return for property or for work done. Included in this category are all of the 551,904 preferred shares of Kiena Gold Mines Limited; and a large part of the 4,436,196 common shares of New Quebec Raglan Mines Limited.

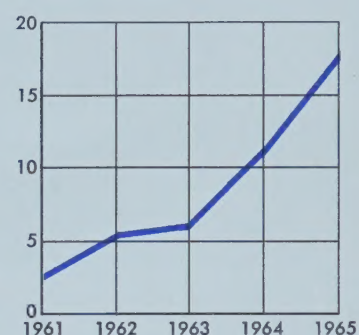
The chief realization of investments was repayment by Lake Dufault of \$2,886,000 of its income debenture. The remainder of this debenture (\$3,144,000) was repaid early in 1966. Sundry disposals of shareholdings were made for a net gain over book value of \$3,238,000 which is carried in the Retained Earnings account. From this gain there has been deducted an amount of \$582,000 for investments written off.

The indicated market value of the company's shareholdings, \$192,473,000 (\$39.35 per share) as at December 31, 1965 shows an increase of \$26,745,000 over the previous year-end, which is primarily accounted for by Falconbridge holdings in New Quebec Raglan Mines Limited. The indicated increases for Kilembe and La Luz more than offset the indicated market losses shown for certain of the other investments. The indicated market value of all of those shares held at December 31, 1964 which were still held at December 31, 1965, increased by 4 per cent.

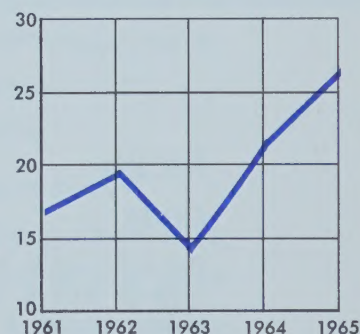
NICKEL  
DELIVERIES  
(millions of pounds)



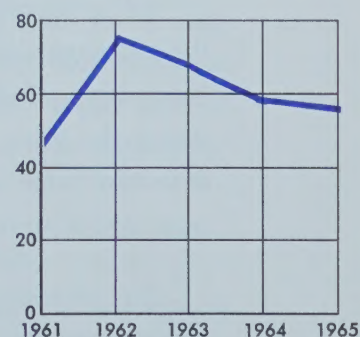
INCOME  
FROM  
INVESTMENTS  
(Millions of dollars)



EARNINGS  
(Millions of dollars)



WORKING  
CAPITAL  
(Millions of dollars)







March 1966 — Progress view of Strathcona nickel mine project in the Sudbury Basin.

## OPERATIONS REVIEW

### NICKEL

<b>MINES</b>	<u>1965</u>	<u>1964</u>
Ore delivered to treatment plants from company mines (tons) . . . . .	2,344,000	1,960,000

Full production was maintained throughout the year from six producing mines including the North mine, which was brought into production during the year. This orebody of limited size is located to the north-east of the Fecunis Lake mine and is serviced from the Fecunis shaft.

The extensive development program was continued at Strathcona mine. Following completion of the pilot raise, the second shaft is being enlarged to its full size and by year-end was at a

depth of 1,960 feet. Three levels below the 4025 level in the Falconbridge mine were prepared for production with stoping operations in progress on two levels by year-end. The underground shaft at East Mine was deepened to 915 feet below the 4025 level.

### TREATMENT PLANTS AND REFINERY

Following "blowing-in" of a new furnace on January 27th, two blast furnaces were operated for the remainder of the year. A record production of nickel in matte was realized. Continued improvement was experienced in the operations of the pyrrhotite plant both with respect to production and costs. The new 450-foot sinter plant chimney was put into service,



and being 275 feet higher than the old chimney, it has improved the dispersion of sulphur gases.

Nickel production at the refinery in Kristiansand, Norway, was the second highest in the company's history. Production costs were somewhat higher than in 1964. Continued high specification standards were maintained for quality of metals produced.

#### EXPENDITURES ON MINES AND PLANTS

	1965	1964
Plant and equipment —		
Canada .....	\$ 5,387,000	\$3,280,000
Norway .....	1,054,000	575,000
	<u>\$ 6,441,000</u>	<u>\$3,855,000</u>
Pre-production —		
Strathcona .....	\$ 3,609,000	\$1,691,000
	<u>\$10,050,000</u>	<u>\$5,546,000</u>

The major share of the capital expenditures was for the Strathcona project. In addition to extensive mine development work, considerable progress was made with respect to surface installations including the headframe for the second shaft, services building, main heating plant and the completion of the excavation work in preparation for construction of the 6,000-ton mill. Additional equipment was acquired for mine operations at depth at both Falconbridge and East Mines.

Expenditures at the refinery were made for process changes and improvements, quality control of product, and additional service facilities.

#### EMPLOYEES

Production forces at the Sudbury operations and the refinery were increased during the year due to expansion of the company's planned production level. Over-all labour conditions were generally satisfactory, but operations and the

company's construction and development programs felt to some extent the effect of an industry-wide shortage of skilled workmen.

#### ORE RESERVES

As a result of the year's exploration and mine development program in the Sudbury district, the company was able to prove up sufficient additional ore reserves to more than offset the tonnage delivered to the treatment plant of 2,344,000 tons. Reserves of proven ore at year end were calculated at 55,260,000 tons with a combined nickel-copper content of 1,162,000 tons as compared to 52,236,000 tons and a combined nickel-copper content of 1,144,000 tons for the previous year.

In addition to this proven ore, the estimates for the company's probable ore reserves remained essentially the same as the previous year at 17,900,000 tons containing 304,000 tons of nickel-copper metal, but will undoubtedly increase when the surface diamond drilling program at Lockerby is completed.

#### DOMINICAN REPUBLIC PILOT PLANT

The pilot plant of Falconbridge Dominicana, C. por A., operated for most of the year except for major repair shutdowns in March and December. While unsettled conditions have necessitated postponement of any plans for a commercial plant, a decision has been made to enlarge the present pilot plant. Diesel generating and other equipment have been ordered for this plant expansion.

#### AFFILIATED COMPANIES

For comments concerning the activities of those subsidiary and associated companies in the Minerals Division, and others, please refer to pages 19 to 29.



## OTHER ACTIVITIES

### EXPLORATION

In the Sudbury district, the ore zones at both the Lockerby property and the Onaping mine at depth were extended as a result of the year's drilling program.

An exploration program was continued in the Manitoba nickel belt, where the company, both directly and in conjunction with other mining companies, has extensive holdings.

Aggressive exploration was carried on during the year as part of the company's continuing, widespread search for new mineral deposits. Detailed investigations and drilling programs were pursued at a number of gold, copper, zinc and other properties in Quebec, Manitoba and elsewhere in Canada and abroad.

### RESEARCH

On the research side, increasing attention is being given to instrumentation and process control. Activity in Physical Metallurgy continued in broadening the base of the company's product technology and technical service to customers.

Research laboratories are maintained at Thornhill, Lakefield and Falconbridge, Ontario, and at Kristiansand in Norway.

### ORGANIZATION

Additional executive appointments were made during 1965 to maintain and strengthen the senior organization of the company. Mr. E. L. Healy became Vice-President — Nickel

Division, in addition to his responsibilities as Director of Mining Engineering and Research. Mr. P. N. Pitcher was appointed Vice-President — Minerals Division. He also continues as President or Managing Director of several associated companies. Mr. H. S. McGowan retired as General Manager — Minerals Division, but continues as President of La Luz Mines Limited.

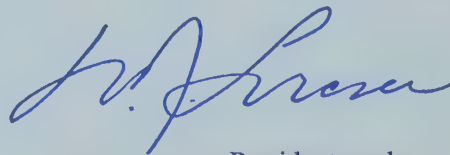
### SHAREHOLDERS

During the year, 20,549 shares were issued through the exercise of warrants and options bringing the outstanding shares at the year-end to 4,891,807. The number of shareholders increased in the year from 13,246 to 13,979. The shareholders of Canadian registry increased from 8,889 to 9,919 and accounted for nearly 75 per cent of the outstanding shares.

### APPRECIATION

Your Directors wish to acknowledge the continuing strong support extended by company officers and employees at all locations throughout 1965. Appreciation is also extended to the personnel of our affiliated companies; to our customers, contractors and suppliers; and to all who have contributed to a very satisfactory year for the company and its shareholders.

On behalf of the Board of Directors,



President and  
Managing Director.

March 16, 1966.



**FALCONBRIDGE NICKEL MINES LIMITED**  
AND ITS WHOLLY-OWNED SUBSIDIARIES

**STATEMENTS OF CONSOLIDATED EARNINGS AND RETAINED EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1965  
(with comparative figures for the year 1964)

	1965	1964
<b>EARNINGS</b>		
Metal sales and other operating revenues .....	\$ 82,840,000	\$ 80,306,000
Cost of sales and operating expenses other than the under-mentioned items .....	50,433,000	49,284,000
Selling, general and administrative expenses (including remuneration of directors as such of \$42,500 in 1965 and \$39,500 in 1964) .....	4,502,000	3,717,000
	<u>54,935,000</u>	<u>53,001,000</u>
Operating profit from nickel operations before providing for development expenditures and depreciation .....	27,905,000	27,305,000
Development expenditures (note 4) .....	1,824,000	898,000
Depreciation (including net gain or loss on disposal of depreciable fixed assets) .....	2,701,000	2,408,000
	<u>4,525,000</u>	<u>3,306,000</u>
Operating profit from nickel operations .....	23,380,000	23,999,000
Other income:		
Earnings before income taxes of wholly-owned subsidiaries not engaged in nickel operations (note 8) .....	1,251,000	1,012,000
Dividends received from:		
Partially-owned subsidiaries .....	11,545,000	5,023,000
Other companies .....	3,903,000	3,877,000
Income from investment in short-term securities .....	1,970,000	2,155,000
	<u>42,049,000</u>	<u>36,066,000</u>
Other deductions from income:		
Interest on long-term liabilities .....	85,000	171,000
Expenditures on exploration .....	3,899,000	2,243,000
Expenditures on research and process development .....	2,697,000	2,187,000
	<u>6,681,000</u>	<u>4,601,000</u>
Earnings before income taxes .....	35,368,000	31,465,000
Income taxes (note 9) —		
Current .....	3,100,000	6,500,000
Deferred .....	5,500,000	3,000,000
	<u>8,600,000</u>	<u>9,500,000</u>
Earnings for the year .....	<u>\$ 26,768,000</u>	<u>\$ 21,965,000</u>

<b>RETAINED EARNINGS</b>		
Balance at beginning of year (including adjustment of \$2,000,000 at January 1, 1964 for prepaid taxes on income — note 9) .....	\$ 78,092,000	\$ 67,971,000
Add: Earnings for the year .....	26,768,000	21,965,000
Gain (net) on the disposal of land and investments in subsidiary and other companies less \$582,000 written off such investments in 1965 .....	2,843,000	3,273,000
	<u>107,703,000</u>	<u>93,209,000</u>
Deduct: Dividends paid .....	17,096,000	13,617,000
Amount appropriated as reserve for investment in mining companies (note 7) .....	1,500,000	1,500,000
Provision for additional income taxes of prior years .....	1,565,000	—
	<u>20,161,000</u>	<u>15,117,000</u>
Balance at end of year .....	<u>\$ 87,542,000</u>	<u>\$ 78,092,000</u>

See notes to consolidated financial statements



**FALCONBRIDGE NICKEL MINES LIMITED**  
AND ITS WHOLLY-OWNED SUBSIDIARIES

**CONSOLIDATED BALANCE SHEET**

(with comparative figures for 1964)

<b>ASSETS</b>			
<b>CURRENT:</b>		<b>1965</b>	<b>1964</b>
Cash .....		<u>\$ 1,756,000</u>	<u>\$ 1,937,000</u>
Government and other marketable securities at cost (Market value, 1965 — \$33,105,000; 1964 — \$33,133,000) .....		<u>32,963,000</u>	<u>32,715,000</u>
Accounts receivable .....		<u>18,055,000</u>	<u>20,781,000</u>
Inventories at the lower of cost or market (note 3) .....		<u>13,759,000</u>	<u>13,448,000</u>
		<u><b>66,533,000</b></u>	<u><b>68,881,000</b></u>
<b>INVESTMENT IN UNCONSOLIDATED SUBSIDIARY AND OTHER COMPANIES at cost less amounts written off:</b>			
Subsidiary companies (note 1)			
Shares .....		<u>29,818,000</u>	<u>25,944,000</u>
Advances and debentures .....		<u>6,412,000</u>	<u>9,306,000</u>
		<u><b>36,230,000</b></u>	<u><b>35,250,000</b></u>
Other companies			
Shares .....		<u>29,367,000</u>	<u>29,337,000</u>
Advances and debentures .....		<u>534,000</u>	<u>534,000</u>
		<u><b>29,901,000</b></u>	<u><b>29,871,000</b></u>
		<u><b>66,131,000</b></u>	<u><b>65,121,000</b></u>
<b>FIXED:</b>			
Plant and equipment at cost .....		<u>108,280,000</u>	<u>101,172,000</u>
Less accumulated depreciation .....		<u>81,647,000</u>	<u>79,372,000</u>
		<u><b>26,633,000</b></u>	<u><b>21,800,000</b></u>
Mining and other property at cost .....		<u>4,700,000</u>	<u>4,886,000</u>
		<u><b>31,333,000</b></u>	<u><b>26,686,000</b></u>
<b>OTHER:</b>			
Supplies (at average cost) and prepaid expenses .....		<u>5,366,000</u>	<u>4,562,000</u>
Deposits, long-term accounts receivable and other assets ..		<u>802,000</u>	<u>722,000</u>
Preproduction expenditures deferred (note 4) .....		<u>20,073,000</u>	<u>6,972,000</u>
		<u><b>26,241,000</b></u>	<u><b>12,256,000</b></u>
		<u><b>\$190,238,000</b></u>	<u><b>\$172,944,000</b></u>

See notes to consolidated financial statements

To the Shareholders of  
Falconbridge Nickel Mines Limited:

**AUDITORS**

We have examined the consolidated balance sheet of Falconbridge Nickel Mines Limited and its wholly-owned subsidiaries as at December 31, 1965, and the statements of consolidated earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings and retained earnings present fairly the financial position of the companies as at December 31, 1965, and the results of their operations for the year ended on that date,

Toronto, Canada,  
March 7, 1966.



# HEET DECEMBER 31, 1965

December 31, 1964)

## LIABILITIES

### CURRENT:

	1965	1964
Accounts payable and accrued charges . . . . .	\$ 8,703,000	\$ 7,681,000
Portion of long-term liability payable within one year . . .	1,000,000	1,000,000
Income and other taxes payable (estimated) . . . . .	1,414,000	1,369,000
	<u>11,117,000</u>	<u>10,050,000</u>

### LONG TERM:

5¼ % first mortgage and collateral trust sinking fund bonds, series A, due August 15, 1966 . . . . .	1,000,000	2,000,000
Less amount payable within one year included under current liabilities . . . . .	1,000,000	1,000,000
	<u>—</u>	<u>1,000,000</u>

DEFERRED INCOME TAXES (note 9) . . . . .	<u>6,500,000</u>	<u>1,000,000</u>
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### SHAREHOLDERS' EQUITY:

Capital (note 6)		
Authorized: 5,000,000 shares of no par value		
Issued: 4,891,807 shares (1964 — 4,871,258 shares) . . . . .	79,079,000	78,302,000
Retained earnings . . . . .	87,542,000	78,092,000
Reserve for investment in mining companies (note 7) . . .	6,000,000	4,500,000
	<u>172,621,000</u>	<u>160,894,000</u>

On behalf of the Board:

H. J. FRASER, Director.

R. B. WEST, Director.

<u>\$190,238,000</u>	<u>\$172,944,000</u>
----------------------	----------------------

Financial statements

## REPORT

in accordance with generally accepted accounting principles applied, except for the change in accounting for deferred income taxes referred to in note 9 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of consolidated source and application of funds which, in our opinion, when considered in relation to the aforementioned financial statements, presents fairly the sources and applications of funds of the companies for the year ended December 31, 1965.

CLARKSON, GORDON & CO.,  
Chartered Accountants.



**FALCONBRIDGE NICKEL MINES LIMITED**  
AND ITS WHOLLY-OWNED SUBSIDIARIES

**STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 1965  
(with comparative figures for the year 1964)

SOURCE OF FUNDS:	1965	1964
From operations being —		
Earnings for the year .....	\$ 26,768,000	\$ 21,965,000
Charges against earnings which in themselves did not involve a cash outlay during the year .....		
Depreciation .....	2,976,000	2,590,000
Income taxes deferred to future years ...	5,500,000	3,000,000
	<u>35,244,000</u>	<u>27,555,000</u>
Sale of shares in and repayment of debentures and advances by unconsolidated subsidiary and other companies .....	6,807,000	5,353,000
Issue of shares under options and warrants .....	777,000	998,000
	<u>42,828,000</u>	<u>33,906,000</u>
APPLICATION OF FUNDS:		
Payment of dividends to shareholders .....	17,096,000	13,617,000
Expenditures (net) on property and plant and on mines to be brought into production in future years ....	20,537,000	11,012,000
Purchase of shares and debentures and the advancing of funds to unconsolidated subsidiary and other companies	5,161,000	18,685,000
Additional income taxes of prior years .....	1,565,000	
Reduction in long-term liabilities .....	1,000,000	1,000,000
Increase in supplies and other non-current assets .....	884,000	429,000
	<u>46,243,000</u>	<u>44,743,000</u>
Decrease in funds during the year .....	3,415,000	10,837,000
Working capital at beginning of year .....	58,831,000	69,668,000
Working capital at end of year .....	<u>\$ 55,416,000</u>	<u>\$ 58,831,000</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 1965

1. The consolidated financial statements for 1965 reflect the financial position and the results of operations of Falconbridge Nickel Mines Limited and all its wholly-owned subsidiary companies.

The partially owned subsidiaries have not been consolidated as it is the company's view that a more intelligent appraisal of its financial position may be obtained from the attached consolidated financial statements together with the information supplied on pages 20 to 29 with respect to the more important unconsolidated subsidiary and other companies. The earnings of the unconsolidated subsidiary companies are included in income to the extent of dividends received; such dividends were \$6,840,000 less than the company's share of the aggregate profits less losses of the subsidiaries for their financial years ended in 1965. The company's share of the aggregate of the accumulated profits less losses of these subsidiaries from date of acquisition to the end of their 1965 financial years not taken up in the parent company's accounts amounted to approximately \$9,350,000.

2. Assets and liabilities in currencies other than Canadian dollars have been translated into Canadian dollars at current quoted rates of exchange at December 31, 1965 except fixed assets and the related accumulated depreciation which have been translated at the rates prevailing when the expenditures on fixed assets were made. Revenues and expenses in currencies other than Canadian dollars have been translated into Canadian dollars at the average monthly quoted rates of exchange except that provisions for depreciation have been translated at the rates prevailing when the expenditures on the related fixed assets were made.



3. Inventories consist of the following:

	1965	1964
Falconbridge Nickel Mines Limited —		
Refined metals .....	\$ 3,693,000	\$ 4,969,000
Matte and metals in process .....	9,005,000	7,701,000
	<u>\$12,698,000</u>	<u>\$12,670,000</u>
Fahralloy Canada Limited —		
Materials and work in process .....	1,061,000	778,000
	<u>\$13,759,000</u>	<u>\$13,448,000</u>

The cost of inventories derived from the company's own ore (\$9,443,000 in 1965) has been determined on a "last-in, first-out" basis; the cost of inventories derived from other sources (\$3,255,000 in 1965) has been determined on a "first-in, first-out" basis. The materials inventories of Fahralloy Canada Limited (\$455,000 in 1965) have been valued at average cost and its work in process inventories (\$616,000 in 1965) at direct cost.

4. It is the companies' practice to defer preproduction expenditures (being those expenditures other than capital made for the purpose of bringing a new mine into production) until the new mines come into production after which time they will be written off in an appropriate manner. No development expenditures (being those incurred by mines in production) were deferred at December 31, 1964 or 1965 as these expenditures are written off as incurred (with a limitation of \$2.00 per ton of company ore treated).
5. There are commitments outstanding in connection with construction in progress and development and exploration amounting to approximately \$23,696,000. In addition there are contingent liabilities under guarantees of \$1,490,000.

Subsequent to the year-end the company entered into a contract to purchase nickel for approximately \$13,700,000 from the United States government.

6. In 1959 the company reserved 75,000 of its unissued shares for the purpose of granting to officers and employees of the company and its subsidiaries options to purchase shares of the company at \$25.00 each (the approximate market price at the date these shares were reserved); in 1964 the option price with respect to those shares (29,000) on which options had not been previously granted was altered by resolution of the Board of Directors to 90 percent of the market price at the close of business on the day preceding the granting of the option. Options on these shares (29,000) were subsequently granted at \$61.75 per share. Under the terms of an agreement whereby on January 31, 1962, Falconbridge purchased all the assets of Ventures Limited and assumed all the liabilities and obligations of Ventures, the company assumed an obligation to issue shares of its unissued capital stock under the terms of warrants issued to Ventures' debenture holders. The shares issued during 1965 and the position at December 31, 1965 in respect of these options and warrants are summarized as follows:

	Shares issued during 1965	Shares subject to issue under options and warrants outstanding at December 31, 1965
Under options exercisable on or before May 31, 1969 —		
at \$25.00 per share .....	1,500	1,500
at \$61.75 per share .....	8,200	6,300
Under warrants exercisable on or before October 1, 1969 —		
at U.S. \$19.23 per share .....	1,649	3,021
at U.S. \$20.00 per share .....	9,200	2,505
	<u>20,549</u>	<u>13,326</u>

7. The reserve for investment in mining companies was increased by \$1,500,000 during 1965 by a transfer of this amount from retained earnings.
8. The earnings before income taxes shown for wholly-owned subsidiary companies not engaged in nickel operations are after deducting directors' fees of \$3,000 (1964 — \$3,000) and depreciation of \$271,000 (1964 — \$206,000).
9. For tax purposes the companies claim depreciation and preproduction expenditures to the maximum extent permitted under the income tax acts, whereas for accounting purposes such items are written off in a systematic manner having regard to the estimated productive life of the facilities in question. For tax purposes the company is also required to value inventories derived from its own ore on a "first-in, first-out" basis whereas, for accounting purposes, such inventories are valued on a "last-in, first-out" basis. Since these differences result in significant variations from year to year between the amount of "taxable income" reported for tax purposes and the amount of "accounting income" reflected in the statement of consolidated earnings, the company decided, in 1965, to change its basis of accounting for income taxes. In previous years the provision for income taxes represented the estimated amount of taxes actually payable for the year. Under the revised basis the provision is calculated by reference to the amount of earnings (excluding non-taxable income and non-allowable expenses) reflected in the earnings statement, thereby giving rise to a "Deferred Income Taxes" account on the balance sheet. For purposes of comparison the 1964 figures have been re-stated to give effect to the new basis as if it had been adopted on January 1, 1964 (resulting in a credit adjustment to retained earnings as of that date of \$2,000,000). As a result of this change in basis the income tax provisions for 1965 and for 1964 (as re-stated) are higher, and net earnings lower by \$5,500,000 and \$3,000,000 respectively, than would have been the case under the previous basis.



**FALCONBRIDGE NICKEL MINES LIMITED**  
AND ITS WHOLLY-OWNED SUBSIDIARIES

**STATEMENT OF CONSOLIDATED INVESTMENT IN UNCONSOLIDATED**

(with comparative figures)

**1965**

**S H A R E S**

Number of shares or par value	% of outstanding capital	Indicated market value (note A)
-------------------------------------	--------------------------------	---------------------------------------

**SUBSIDIARY COMPANIES**

Acton Limestone Quarries Limited .....	386,000	53.9	\$ 96,000
Alminex Limited .....	3,913,871	51.5	16,047,000
Canadian Malartic Gold Mines Limited .....	2,131,375	58.4	277,000
Dominion Magnesium Limited .....	263,004	55.2	2,104,000
Empire Ventures Limited .....			
Class A shares (note B) .....	500	58.8	
Class B shares (note B) .....	10,000	58.8	
6% debentures due March 31, 1970 .....	US \$1,008,506		
5¾% demand note .....	\$ 27,500		
Horne Fault Mines Limited (note C) .....	1,988,638	58.5	259,000
Industrial Minerals of Canada Limited .....	612,418	71.5	4,746,000
Kiena Gold Mines Limited .....			
Preferred shares (notes B and C) .....	2,425,643	100.0	
Common shares .....	3,331,203	68.3	3,698,000
6% income debentures due December 31, 1977-1978 ..	\$ 250,000		
Kilembe Copper Cobalt Ltd. ....	2,938,327	75.8	37,096,000
Lake Dufault Mines Limited .....			
Common shares .....	2,111,630	51.1	27,715,000
4½% income debentures due December 31, 1974 .....	\$3,114,022		
La Luz Mines Limited .....	963,854	61.0	15,904,000
New Pascalis Mines Limited (note C) .....	735,494	61.3	221,000
New Quebec Raglan Mines Limited (note D) .....	4,436,196	59.1	21,205,000
Q.M.I. Minerals Limited .....	625,136	61.8	1,407,000
Zeballos Iron Mines Limited (note E) .....			
5% income debenture due December 31, 1970 .....	\$1,500,000		
6% series B bond due on demand .....	US \$ 450,000		
Miscellaneous shareholdings and advances .....			151,000
			<u>130,926,000</u>

**OTHER COMPANIES**

Akaiitcho Yellowknife Gold Mines Limited .....	1,198,230	36.7	791,000
Canada Tungsten Mining Corporation .....			
Common shares .....	370,500	7.5	530,000
6% debentures due December 31, 1971 .....	\$ 389,136		
6% demand note .....	\$ 145,200		
Dunraine Mines Limited .....	911,978	45.6	319,000
First Maritime Mining Corporation Limited .....			
Giant Yellowknife Mines Limited .....	1,080,809	25.1	13,780,000
Joliet-Quebec Mines Limited .....	1,128,800	22.0	310,000
Marbridge Mines Limited (note B) .....	1,500,000	50.0	
McIntyre Porcupine Mines Limited .....	175,825	7.4	15,824,000
Opemiska Copper Mines (Quebec) Limited .....	1,993,236	36.1	17,441,000
Pine Point Mines Limited .....	46,121	1.2	3,367,000
Thompson-Lundmark Gold Mines Limited .....	600,000	12.0	240,000
United Keno Hill Mines Limited .....	1,195,989	48.4	5,262,000
Ventron Corporation (note F) .....	162,538	44.8	2,970,000
Miscellaneous shareholdings .....			713,000
			<u>61,547,000</u>
Total .....			<u>\$192,473,000</u>



# SUBSIDIARY AND OTHER COMPANIES AS AT DECEMBER 31, 1965

at December 31, 1964)

1 9 6 4				
Advances and debentures	Number of shares or par value	S H A R E S		Advances and debentures
		% of outstanding capital	Indicated market value (note A)	
	386,000	53.9	\$ 463,000	
	3,863,871	50.8	16,035,000	
	1,987,675	54.4	1,451,000	
	263,004	55.2	2,630,000	
	500	58.8		
	10,000	58.8		
\$1,084,000	US \$1,008,506			\$1,084,000
28,000	\$ 27,500			28,000
	1,752,841	55.4	193,000	
	610,932	74.5	5,498,000	
	1,873,739	100.0		
	3,331,203	68.3	15,823,000	
215,000	\$ 250,000			215,000
	3,004,827	77.5	21,635,000	
	2,111,630	51.1	26,923,000	
3,114,000	\$6,000,000			6,000,000
	1,001,254	63.3	9,562,000	
	735,494	61.3	368,000	
	624,364	61.7	949,000	
1,500,000	\$1,500,000			1,500,000
300,000	US \$ 450,000			300,000
171,000			93,000	179,000
6,412,000			101,623,000	9,306,000
	1,198,230	36.7	1,018,000	
	585,000	11.8	632,000	
389,000	\$ 389,136			389,000
145,000	\$ 145,200			145,000
	120,980	2.4	472,000	
	1,080,809	25.1	17,833,000	
	1,128,800	22.0	373,000	
	1,500,000	50.0		
	175,825	7.4	12,132,000	
	1,993,236	36.1	16,743,000	
	46,121	1.2	1,522,000	
	600,000	12.0	306,000	
	1,195,989	48.4	11,182,000	
	162,538	45.0	1,242,000	
			650,000	
534,000			64,105,000	534,000
\$6,946,000			\$165,728,000	\$9,840,000

## NOTES

- A. The market values shown are based on closing market prices at December 31, 1965 and December 31, 1964. Because of the number of shares involved and the fact that in certain instances the securities listed herein represent control of the companies concerned, the amounts that would be realized if these securities were to be sold may be considerably more or less than their indicated market value.
- B. As the preferred shares of Kiena Gold Mines Limited and the shares of Empire Ventures Limited and Marbridge Mines Limited are not traded, market values are not available.
- C. The shares of Horne Fault Mines Limited and the preference shares of Kiena Gold Mines Limited as at December 31, 1965 and 1964 and the shares of New Pascalis Mines Limited as at December 31, 1964 include shares that Falconbridge was entitled to receive as at those respective dates under agreements with such companies which provided for the issuance of shares to Falconbridge as consideration for any exploration work carried out by Falconbridge on the properties of such companies.
- D. Information on the acquisition of shares of New Quebec Raglan Mines Limited is contained in this report on page 4.
- E. Zeballos Iron Mines Limited is a subsidiary of Empire Ventures Limited.
- F. During the year the name of Metal Hydrides Incorporated was changed to Ventron Corporation.



*TASU MOVES AHEAD — Located in British Columbia, Tasu iron-copper project is being developed by Westrob Mines Limited, wholly-owned subsidiary of Falconbridge. Shown top left is the open-pit mine site, while below (right) is the plant location. In the foreground is new townsite on Gowing Island.*



*Rugged construction conditions mark the Tasu project, as shown in this dramatic view of site excavation.*



## COMMENTS ON CONSOLIDATED WHOLLY-OWNED SUBSIDIARY COMPANIES NOT ENGAGED IN NICKEL OPERATIONS

### ANYOX METALS LIMITED

During the year Zeballos Iron Mines Limited, the lessee of the Company's property, shipped 243,000 dry metric tons of iron concentrate for which Anyox received royalties.

Financial	Year ended December 31	
	1965	1964
Royalties received less paid .....	\$ 254,000	\$ 49,000

#### Management

President	P. N. PITCHER, Toronto
Vice-President and General Manager	W. J. TOUGH, Vancouver, B.C.

### FAHRALLOY CANADA LIMITED

During 1965 the Company established new record levels of production and profit, with plant capacity for most products being fully utilized. Earnings for the year were \$459,000 compared with \$423,000 in 1964.

Following detailed engineering studies, a decision was made to increase production facilities by the construction of a new 95,000 sq. ft. plant on property previously purchased in Orillia. Scheduled for operation by November 1966, it will be equipped for the production of shell-moulded castings and centrifugally cast tubes.

Financial	Year ended December 31	
	1965	1964
Earnings after all charges .....	\$ 459,000	\$ 423,000
Working capital .....	2,177,000	2,216,000

#### Management

President and Managing Director	T. G. BEAMENT, Orillia, Ontario
Executive Vice-President	J. A. WILSON, Orillia, Ontario

### WESFROB MINES LIMITED

This wholly-owned Falconbridge subsidiary is developing for production the Tasu iron-copper property in the Queen Charlotte Islands of British Columbia. A contract was signed with Mitsubishi Shoji Kaisha of Japan for the sale of its production of iron and copper concentrates. Aided by favourable weather, work proceeded during 1965 at a satisfactory rate.

With the exception of a small supervisory staff, all personnel on the job are employed by contractors; however, to expedite this and other western Canada activities, Falconbridge has established a company office in Vancouver that at year-end had 34 employees.

Ore reserves are estimated at 25 million tons of proven ore grading 41.33 per cent iron and 15 million tons of probable ore grading 44.7 per cent. The proven ore includes a zone containing 6.8 million tons grading 47.65 per cent iron and 0.66 per cent copper.

Towards the end of the year a complete re-study and re-estimation of the cost of the project now indicates a total estimated cost to production of approximately \$38 million. The major factors in this substantial increase over the previous estimates result from revised designs providing for increased capacity in many of the units, increased construction costs and other items. During the year expenditures amounted to \$9,953,000, bringing the total to date to \$15,364,000.

#### Management

President	P. N. PITCHER, Toronto
Vice-President	W. J. TOUGH, Vancouver, B.C.
Mine Manager	F. A. GODFREY, Vancouver, B.C.

## COMMENTS ON THE MORE IMPORTANT UNCONSOLIDATED SUBSIDIARY AND ASSOCIATED COMPANIES

The Statement of Consolidated Investment by Falconbridge Nickel Mines Limited in Unconsolidated Subsidiary and Other Companies as at December 31, 1965, appears on pages 16 and 17 herewith.

### ACTON LIMESTONE QUARRIES LIMITED

Sales of crushed limestone aggregates in 1965 showed a slight improvement over the previous year; however, the financial performance of this company continues to be unsatisfactory and is aggravated by the heavy burden of debt.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	716,000	386,000	53.9%
<b>Debt</b>			
6½ % first mortgage sinking fund bonds due May 15, 1982	\$2,400,000		
Bank loan .....	\$1,629,000		

#### Financial

Audited figures for 1965 were not available at the date of this report.

#### Management

President	F. G. GARDINER, Toronto
Vice-President	J. J. MATHER, Toronto
General Manager	G. E. ARMSTRONG, Toronto

### ALMINEX LIMITED

Since its inception Alminex has shown continuous annual growth. The year 1965 saw new records established for oil and gas production, up 16 and 14 per cent respectively resulting in earnings after all charges of \$1,385,000 as compared with \$863,000 for 1964. Dividends of 12 cents per share, or \$912,000 in total, were paid. Outstanding loans showed a modest decrease to \$2,390,000.

The Company has land holdings, mostly in Alberta, of over 716,000 net acres; included in this total are 192,000 net acres located under the North Sea. In the Meander River area, 75 miles northwest of the new Rainbow Lake oilfield in northern Alberta, Alminex owns a 50% interest in three reservations totalling 220,000 acres and a farm-in of four reservations totalling 320,000 acres. Reserve of crude oil and natural gas liquids were substantially increased, reflecting the favourable secondary recovery results at both the Swan Hills and Virginia Hills fields in Alberta. For the first time reserves of sulphur have been shown; it is expected that production will commence in mid-1966.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	7,599,161	3,913,871	51.5%
<b>Debt</b>			
Outstanding loans as at December 31, 1965 .....	\$2,390,000		



<b>Production</b>	<u>1965</u>	<u>1964</u>	<u>Increase</u>
Oil and condensate (barrels per day) .....	3,025	2,603	16%
Gas (millions cubic feet per day) .....	14,523	12,704	14%

	<u>As at December 31</u>	
<b>Reserves</b>	<u>1965</u>	<u>1964</u>
Crude oil and natural gas liquids (barrels) .....	52,460,000	46,640,000
Natural Gas (billions of cubic feet) .....	158.06	143.63
Sulphur (long tons) .....	487,000	181,000

	<u>Year ended December 31</u>	
<b>Financial</b>	<u>1965</u>	<u>1964</u>
Net production income after royalties and operating expenses	\$3,238,000	\$2,764,000
Profit before write-offs for depreciation, depletion and property surrendered .....	2,359,000	1,834,000
Earnings after all charges .....	1,385,000	863,000
Dividends paid — 12¢ in 1965, 10¢ in 1964 .....	912,000	760,000

#### **Management**

President	F. R. BURTON, Toronto
Vice-President and General Manager	J. B. WEBB, Calgary, Alberta

## **CANADIAN MALARTIC GOLD MINES LIMITED**

Operations at the property terminated in January 1965, and most of the underground equipment and surface mining machinery were sold during the year. Marbridge Mines Limited is continuing its milling operations at the Canadian Malartic mill under an agreement between the two companies. A repayment of capital was made to the shareholders, consisting of \$2,629,000 in cash and \$548,000 in shares of Dunraine Mines Limited.

	<u>As at December 31, 1965</u>	
<b>Capitalization</b>	<u>Outstanding</u>	<u>Held by Falconbridge</u>
Common shares .....	3,651,355	2,131,375 58.4%

	<u>Year ended December 31</u>	
<b>Production</b>	<u>1965</u>	<u>1964</u>
Tons milled .....	13,737	329,000
Ounces gold produced .....	2,500	32,000
Ounces silver produced .....	6,200	14,000

<b>Financial</b>		
Net value of metals produced .....	\$ 101,000	\$1,206,000
Earnings after all charges .....	245,000	359,000
Working capital (including marketable securities at market value) .....	282,000	2,586,000

#### **Management**

President	J. P. MILLENBACH, Toronto
General Manager	H. C. HERZ, Toronto

## DOMINION MAGNESIUM LIMITED

Sales of the company's products increased to \$7,443,000 from \$6,806,000 in 1964; however, earnings declined due to higher wage rates and increased costs of transportation and materials (particularly ferrosilicon). Consolidated earnings were \$149,000 or 31 cents per share compared with \$277,000 or 58 cents per share the previous year. Production of magnesium crowns established an all-time record of 22,431,000 pounds, an increase of 10.3 per cent over 1964.

During the year all furnaces were in continuous operation. Capital expenditure of \$603,000 included a building extension, two new reduction furnaces and other physical improvements at the plant. The company's wholly-owned subsidiary, Aerometal Products and Design Limited recorded a 47 per cent increase in sales — \$477,000 compared with the 1964 figure of \$324,000.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	476,270	263,004	55.2%

Shipments	Year ended December 31	
	1965	1964
Magnesium — pounds .....	22,308,000	20,580,000
Calcium — pounds .....	158,000	138,000
Thorium — pounds .....	6,500	6,500
Titanium — pounds .....	18,000	15,000
Dolomite — tons .....	27,000	24,000

Financial		
Net sales .....	\$7,443,000	\$6,806,000
Profit before depreciation .....	509,000	609,000
Earnings after all charges .....	149,000	277,000
Dividends paid, 25¢ in 1965, 50¢ in 1964 .....	119,000	238,000
Working capital .....	2,883,000	3,019,000

### Management

Vice-President and General Manager	J. THOMSON, Toronto
Plant Manager	D. J. McPHAIL, Haley, Ontario
Plant Manager (Aerometal Products)	W. Z. JARMICKI, Toronto

## GIANT YELLOWKNIFE MINES LIMITED

Labour supply continues to be a serious problem at company property in the Northwest Territories. During 1965, tons of ore treated and gold produced fell short of last year's record levels. At year-end, ore reserves were 2,370,000 tons grading 0.70 ounces of gold per ton.

Exploration and development work continued on the property of Supercrest Mines Limited. Geophysical surveys and exploratory diamond drilling were underway in the Pine Point area on a co-operative basis with Falconbridge Nickel Mines Limited. A two-year labour contract was negotiated, effective April 1965.



Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	4,303,050	1,080,809	25.1%

Production	Year ended December 31	
	1965	1964
Tons milled .....	395,000	401,000
Gold ounces produced .....	255,000	270,000

Financial		
Net value of metals produced .....	\$9,565,000	\$10,120,000
Profit before depreciation and amortization .....	3,899,000	5,434,000
Earnings after all charges .....	3,611,000	4,875,000
Dividends paid, \$1.00 per share .....	4,303,000	4,303,000
Working capital .....	7,227,000	7,941,000

#### Management

Vice-President and Managing Director	P. N. PITCHER, Toronto
General Manager	D. R. DELAPORTE, Yellowknife, N.W.T.
Mine Manager	W. A. CASE, Yellowknife, N.W.T.

## INDUSTRIAL MINERALS OF CANADA

Amalgamation of subsidiaries, Indusmin Limited and Canadian Silica Corporation Limited, with Industrial Minerals of Canada Limited, under the name of the parent company, took place on June 30th, resulting in better management control and increasing the company's sales opportunities. Increases in capacity were effected at both the nepheline syenite and silica operations.

Sales of nepheline syenite during 1965 were \$2,235,511. Sales of silica were \$1,562,305. Earnings for the amalgamated companies were \$484,000, a substantial increase from \$290,000 for 1964. Greater attention was directed to product development for non-ceramic applications such as paint and plastics.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	856,855	612,418	71.5%

Financial (Note)	1965	1964
Sales of all products .....	\$3,798,000	\$3,785,000
Profit before depreciation and amortization .....	1,165,000	1,002,000
Earnings after all charges .....	484,000	290,000
Dividends paid, 50¢ per share .....	421,000	205,000
Working capital .....	1,718,000	1,304,000

Note: For comparative purposes, figures have been prepared assuming the amalgamation took effect as of January 1, 1964.

#### Management

Executive Vice-President and Managing Director	J. J. MATHER, Toronto
General Manager — Production Operations	D. C. McDONALD, Nephton, Ontario

## KIENA GOLD MINES LIMITED

Development and exploration were confined to underground work, following closely the program outlined for the year. A total of 100,560 feet of diamond drilling was carried out at the 560, 900, 1,100 and 1,250 ft. levels.

The work at Kiena has been financed by the issuance of preferred shares to Falconbridge Nickel Mines Limited. Results were not considered to be sufficiently encouraging to justify the extensive investment required to place the property in production at this time. Early in 1966 work was discontinued and the Kiena property was placed on a care and maintenance basis.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	4,876,848	3,331,203	68.3%
Preference shares (including shares to be issued) .....	2,425,643	2,425,643	100.0%

### Debt

6% Income debentures due December 31, 1977-8 .....	\$250,000	\$250,000	100.0%
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### Management

President	J. P. MILLENBACH, Toronto
Falconbridge Project Manager	H. C. HERZ, Toronto

## KILEMBE COPPER COBALT LTD.

The company owns 70 per cent of the outstanding shares of Kilembe Mines Limited, which owns and operates a producing copper mine and a smelter in Uganda. The remaining shares are held by Crown corporations.

Consolidated net earnings for the year were a record \$7,251,000 or \$1.87 per share compared to \$4,156,000 or \$1.07 per share in 1964. Copper production from Kilembe mine, which is sold on the basis of prices quoted on the London Metal Exchange, had a gross value in 1965 of \$27,312,000, an increase of \$8,128,000 over the previous year. L.M.E. prices during 1965 rose from £400 per long ton in early January to £568 at year-end. Dividends were increased, totalling \$1.20 per share compared to 75 cents in 1964. Total ore reserves (proven and probable) at year-end were 6,466,000 tons grading 2 per cent copper. In addition, estimates show 2,700,000 tons of possible ore grading 1.89 per cent copper. Approximately \$2,954,000 was spent on construction and replacement of fixed assets during the year, including additional townsite housing for employees.

Capitalization—KILEMBE COPPER COBALT LTD.	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	3,877,027	2,938,327	75.8%

Production—KILEMBE MINES LIMITED	Year ended December 31	
	1965	1964
Tons milled .....	1,029,000	989,000
Blister copper produced — long tons .....	17,000	18,000

### Financial—Consolidated

Net value of metals produced .....	\$25,079,000	\$17,451,000
Profit before amortization and depreciation .....	13,413,000	8,580,000
Profit before minority interest .....	10,465,000	5,927,000
Earnings after all charges and minority interests .....	7,251,000	4,156,000
Dividend paid, \$1.20 in 1965 and 75¢ in 1964 .....	4,652,000	2,908,000
Working capital .....	3,235,000	1,171,000



## Management

Kilembe Copper Cobalt Ltd.  
President

G. T. N. WOODROOFFE, Toronto

Kilembe Mines Limited

Chairman and Managing Director A. E. PUGSLEY, Kilembe, Uganda

## LAKE DUFAULT MINES LIMITED

The company experienced a very satisfactory first full year of operation at its copper-zinc property in the Noranda area of Quebec. Equipment additions and circuit changes in the milling plant resulted in the improved production desired.

Operating profit was \$20,915,000 and net profit \$16,935,000. Dividends distributed to shareholders during the year amounted to \$1.75 per share. The remaining indebtedness of \$3,114,000 to Falconbridge Nickel Mines Limited was repaid in January, 1966.

After milling 475,000 tons, estimated ore reserves at year-end totalled 1,714,500 tons averaging 3.3 per cent copper, 6.6 per cent zinc, 1.8 ounces silver per ton and 0.03 ounces gold per ton. No new ore was discovered during the year.

Exploration work carried out in 1965 included 80,635 feet of diamond drilling from surface and 16,798 feet from underground workings. The surface drilling program will be further expanded during 1966 and underground exploration will continue.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	4,134,750	2,111,630	51.1%

## Debt

4½ % Income debenture due December 31, 1974 .....	\$3,114,000	\$3,114,000	100.0%
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Production	Year ended December 31	
	1965	1964
Tons ore milled .....	475,000	112,000
Pounds copper produced .....	53,152,000	10,340,000
Pounds zinc produced .....	60,290,000	12,188,000

## Financial

Net value of metals produced .....	\$22,722,000	\$3,976,000
Profit before amortization and depreciation .....	19,059,000	2,886,000
Earnings after all charges .....	16,935,000	2,375,000
Dividends paid, \$1.75 in 1965 .....	7,236,000	
Working capital .....	9,557,000	1,173,000

## Management

President J. P. MILLENBACH, Toronto

Mine Manager J. R. SMITH, Noranda, Quebec

## LA LUZ MINES LIMITED

Consolidated net earnings of \$6,134,000 were the highest in the company's 27-year history. The major factors in the improved operating results were record copper production by wholly-owned Rosita Mines Limited and the high copper prices prevailing on the London Metal Exchange. Net value of metals produced increased to \$12,543,000 from \$9,360,000 in 1964, while operating costs were reduced to \$3,461,000 from \$4,044,000.

The shaft-sinking program at La Luz was nearing completion at year-end and will open a new, lower level for production in 1966. Production of copper concentrates from La Luz gold ore commenced during the year; however, in spite of the additional revenue the gold mining operation continues to be marginal at the price of U.S. \$35.00 per ounce of gold. Successful exploration work was carried on at Rosita, and ore reserves are now estimated to be sufficient for 5½ years' operation.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	1,580,759	963,854	61.0%

Production	Year ended September 30	
	1965	1964
Tons gold ore milled .....	676,000	693,000
Ounces gold produced .....	56,000	66,000
Pounds copper produced .....	306,000	—
Tons copper ore milled .....	285,000	222,000
Pounds copper produced .....	21,819,000	18,371,000

Financial—Consolidated	(in U.S. funds)	
Net value of metals produced .....	\$12,543,000	\$ 9,360,000
Earnings before amortization and depreciation .....	7,002,000	4,602,000
Earnings after all charges .....	6,134,000	3,584,000
Dividends paid (Canadian funds) \$3.25 in 1965, \$0.75 in 1964	4,779,000	1,091,000
Working capital .....	6,520,000	4,411,000

### Management

President	H. S. MCGOWAN, Nassau, Bahamas
Manager, La Luz Mine	J. PLECASH, Siuna, Nicaragua
Manager, Rosita Mine	R. V. HOPPER, Siuna, Nicaragua

## MARBRIDGE MINES LIMITED

Mine production continued at this property with minor interruptions, largely a result of weather conditions.

At No. 2 Mine, shaft sinking below the collar commenced late in March and was completed in July. Four levels were established and at the year end, the new mine was contributing about 60% of the hoisted tonnage.

Ore reserves at the end of 1965 were estimated to be 63,000 tons grading 1.59% Ni for No. 1 Mine, and 118,000 tons at 3.31% Ni for No. 2 Mine.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	3,000,000	1,500,000	50%



Production	Year ended December 31	
	1965	1964
Tons milled .....	125,000	146,000
Pounds nickel in concentrates .....	4,735,000	4,944,000

Financial		
Net value of metals produced .....	\$2,998,000	\$2,971,000
Earnings after all charges .....	1,200,000	1,133,000
Dividends paid, 34¢ in 1965, 36½¢ in 1964 .....	1,020,000	1,095,000
Working capital .....	1,566,000	1,557,000

#### Management

President	R. C. MOTT, Toronto
Mine Manager	R. C. STAVELEY, Malartic, Quebec

### NEW QUEBEC RAGLAN MINES LIMITED

As referred to in the Report of Directors, Page 4, New Quebec Raglan now has extensive property holdings along a 42-mile nickel-copper belt in the Cape Smith-Wakeham Bay area of Ungava District in Quebec.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	7,500,000	4,436,196	59.1%

Financial	Year ended December 31, 1965
Working Capital (including marketable securities at market value) .....	\$3,533,000

#### Management

President	H. J. FRASER, Toronto
Falconbridge Project Manager	A. D. MUTCH, Montreal, Quebec

### OPEMISKA COPPER MINES (QUEBEC) LIMITED

The company's operations are located at Chapais, in the Chibougamau district of north-western Quebec. While tonnage treated and copper produced showed a slight decline in 1965, an increase of nearly 7 cents per pound in the average price for copper resulted in record earnings of \$4,386,000, an increase of 42 per cent over 1964.

The rate of exploration and development on the company's property was considerably below schedule because of a shortage of experienced underground crews. Ore reserves declined slightly during the year, amounting to 5,765,500 tons averaging 3.18 per cent copper at year-end.

This includes 2,810,600 tons averaging 3.32 per cent copper at the Springer Mine and 2,954,900 tons averaging 3.05 per cent copper at the Perry Mine.

		As at December 31, 1965	
		Outstanding	Held by Falconbridge
Common shares	.....	5,515,000	1,993,236 36.1%
<b>Production</b>		Year ended December 31	
		1965	1964
Tons ore milled	.....	746,000	749,000
Pounds copper produced	.....	40,489,000	40,710,000
Ounces gold produced	.....	17,000	17,000
Ounces silver produced	.....	281,000	282,000
<b>Financial</b>			
Net value of metals produced	.....	\$13,400,000	\$10,986,000
Profit before amortization and depreciation	.....	5,115,000	4,071,000
Earnings after all charges	.....	4,386,000	3,093,000
Dividends paid, 75¢ in 1965, 55¢ in 1964	.....	4,136,000	3,033,000
Working capital	.....	8,380,000	7,974,000
<b>Management</b>			
President	J. P. MILLENBACH, Toronto		
General Manager	H. C. HERZ, Toronto		
Mine Manager	F. G. COOKE, Chapais, Quebec		

## UNITED KENO HILL MINES LIMITED

The critical shortage of skilled labour in the Yukon continues to retard production at the property, and as a result deliveries of ore to the mill dropped sharply during 1965. There was an improvement in the average grade of mill feed, however, and recovery of metals was satisfactory.

Ore reserves at year-end were estimated at 385,780 tons averaging 32.2 ounces of silver per ton, 6.4 per cent lead and 6.5 per cent zinc. An active program of mine development and exploration was carried on at various company properties. Capital expenditures during 1965 included improvement of townsite and camp facilities.

		As at December 31, 1965	
		Outstanding	Held by Falconbridge
Capitalization			
Common shares	.....	2,470,000	1,195,989 48.4%
<b>Production</b>		Period Ended December 31	
		1965 (12 months)	1964 (15 months)
Tons ore milled	.....	146,850	228,000
Ounces silver produced	.....	4,702,000	7,271,000
Pounds lead produced	.....	18,754,000	26,305,000
Pounds zinc produced	.....	16,700,000	19,965,000
Pounds cadmium produced	.....	198,000	245,000



Financial	Period Ended December 31	
	1965 (12 months)	1964 (15 months)
Net value of metal produced .....	\$9,009,000	\$12,700,000
Expenditures on exploration and development .....	1,156,000	1,194,000
Profit before depreciation .....	1,254,000	3,252,000
Earnings after all charges .....	823,000	2,705,000
Dividends paid — 30¢ in 12 months ended December 31, 1965; 70¢ in 15 months ended December 31, 1964 ...	741,000	1,729,000
Working capital .....	4,653,000	5,564,000

#### Management

Vice-President and Managing Director	P. N. PITCHER, Toronto
General Manager	D. R. DELAPORTE, Yellowknife, N.W.T.
General Superintendent	M. J. STONER, Elsa, Yukon Territory

### VENTRON CORPORATION

During 1965 this company (formerly Metal Hydrides Inc.) had very successful operating results. A net income of \$368,000 was more than double the corresponding figure for 1964, while sales volume was 21 per cent ahead of the previous year. Ventron's subsidiary and affiliated companies now include Alleghany Electronic Chemicals Co., Ventron Electronics Company, Alfa Inorganics, Inc. and Strem Chemicals Inc. As a result of diversification and a broader product base, Ventron has access to new marketing opportunities and looks forward to continued growth.

Capitalization	As at December 31, 1965		
	Outstanding	Held by Falconbridge	
Common shares .....	362,690	162,538	44.8%

Financial	Year ended December 31	
	1965	1964
	(in U.S. Funds)	
Net sales .....	\$3,800,000	\$3,150,000
Earnings after all charges .....	368,000	156,000
Dividends paid, 20¢ in 1965 .....	72,000	
Working capital .....	2,851,000	2,614,000

#### Management

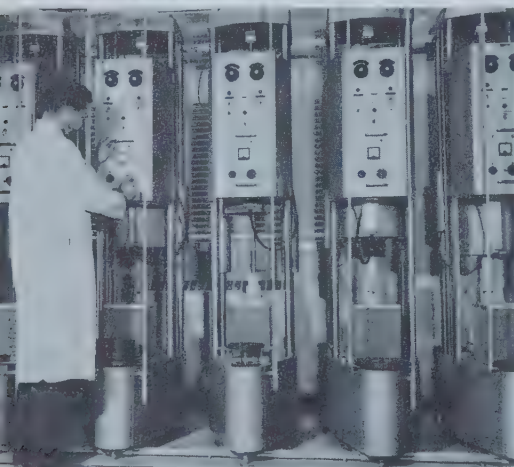
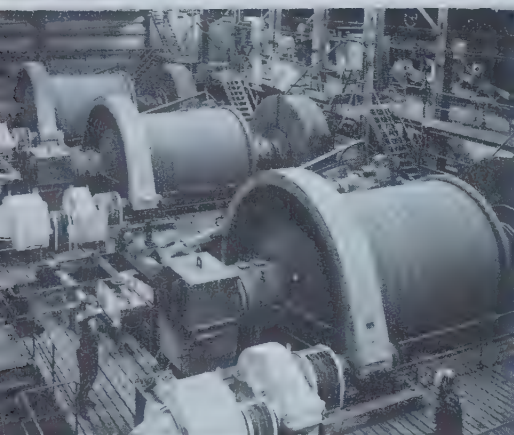
President	M. C. LAUENSTEIN, JR., Beverly, Mass., U.S.A.
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### ZEBALLOS IRON MINES LIMITED

In 1964 this Company, now controlled by Empire Ventures Limited, a Falconbridge subsidiary, was re-financed by Empire to bring it out of receivership. It operates a producing iron mine on the west side of Vancouver Island. In 1965 it produced iron concentrates with a net value of \$3,486,000 from which it earned an operating profit of \$1,255,000 before depreciation and amortization.

#### Management

President and Managing Director	P. N. PITCHER, Toronto
Mine Manager	C. E. G. BROWN, Zeballos, B.C.



## TEN-YEAR REVIEW OF FINANCIAL DATA

### ORE RESERVES — (tons)

#### OPERATIONS

Metal deliveries (pounds)

Nickel .....

Copper .....

Metal sales and other operating revenues .....

Operating profit from nickel operations before write-offs .....

Income from investments .....

Development and preproduction expenditures written off .....

Depreciation .....

Expenditures on exploration, research and process development .....

Interest on long term liability .....

Income taxes — current .....

— deferred \* .....

Earnings .....

Amount per share .....

#### DIVIDEND RECORD

Amount paid per share .....

#### CAPITAL EXPENDITURES

(including development and preproduction)

Nickel operations .....

Wesfrob Mines Limited — Tasu project .....

#### FINANCIAL POSITION

Working capital .....

Investment in subsidiary and other companies .....

Plant and properties — net .....

Long term debt less amount included under current liabilities .....

Shareholders' equity .....

Amount per share .....

Shares outstanding at end of year .....

\* The Company has adopted deferred tax accounting effective January 1, 1964.



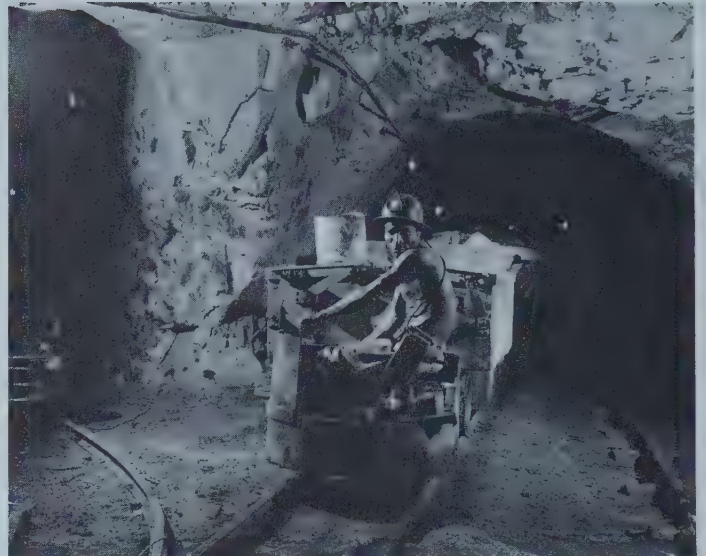
**FALCONBRIDGE NICKEL MINES LIMITED**  
AND ITS WHOLLY-OWNED SUBSIDIARIES

(in thousands)

1965	1964	1963	1962	1961	1960	1959	1958	1957	1956
5,260	52,236	51,322	48,263	46,247	46,089	46,182	43,893	45,776	45,259
2,984	78,485	53,245	61,061	65,546	65,002	58,413	48,509	46,880	43,384
3,813	25,102	28,690	33,831	38,817	36,012	32,728	30,896	25,228	26,422
2,840	\$80,306	\$59,764	\$73,760	\$76,312	\$70,562	\$64,147	\$56,756	\$57,920	\$49,869
7,905	27,305	20,293	33,419	34,015	32,143	28,228	25,051	26,813	19,437
7,418	11,055	5,713	5,225	2,122	1,192	732	369	234	308
1,824	898	1,768	2,991	3,504	2,862	4,466	7,675	7,018	3,236
2,699	2,384	2,355	5,918	9,811	9,722	9,538	6,516	5,876	5,134
6,596	4,430	4,613	5,190	3,394	1,872	1,951	1,463	1,742	2,439
85	171	276	479	776	1,092	1,342	1,519	1,583	1,591
3,100	6,500	3,300	5,050	2,200	2,250	3,400	1,400	635	302
5,500	3,000								
6,768	21,965	14,288	19,833	16,968	16,065	8,448	7,053	9,953	7,164
5.47	\$ 4.51	\$ 2.94	\$ 4.11	\$ 4.49	\$ 4.26	\$ 2.25	\$ 1.88	\$ 2.65	\$ 1.91
3.50	\$ 2.80	\$ 2.50	\$ 2.50	\$ 1.70	\$ 1.50	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
1,874	\$ 6,444	\$ 6,794	\$ 8,177	\$ 9,813	\$ 6,861	\$ 4,254	\$ 7,353	\$14,314	\$15,890
9,953	4,701	612	98						
5,416	\$58,831	\$69,668	\$75,380	\$45,848	\$37,547	\$27,959	\$18,819	\$13,939	\$12,445
5,131	65,121	48,516	44,755	3,221	1,943	1,555	2,599	2,702	2,403
1,333	26,686	21,975	20,749	20,414	24,167	29,389	37,288	40,670	38,185
	1,000	2,000	4,000	6,000	11,000	17,092	23,125	27,125	30,125
2,621	160,894	146,275	142,834	68,304	57,399	46,716	42,770	40,225	34,779
35.29	\$ 33.03	\$ 30.15	\$ 29.61	\$ 18.06	\$ 15.24	\$ 12.44	\$ 11.39	\$ 10.71	\$ 9.26
4,892	4,871	4,852	4,824	3,781	3,767	3,756	3,756	3,756	3,756



**ZEBALLOS IRON MINES LIMITED - B.C.** — General view of operations at the Zeballos property in mountainous area on the west side of Vancouver Island, British Columbia.



**LA LUZ MINES LIMITED - NICARAGUA** — Loaded ore cars move along underground at this gold mining operation. La Luz has a wholly-owned subsidiary copper producer in Nicaragua, Rosita Mines Limited.



**LAKE DUFALTY MINES LIMITED - QUEBEC** — Underground maintenance shop is used for servicing of the diesel-powered Transloaders used in mine production.

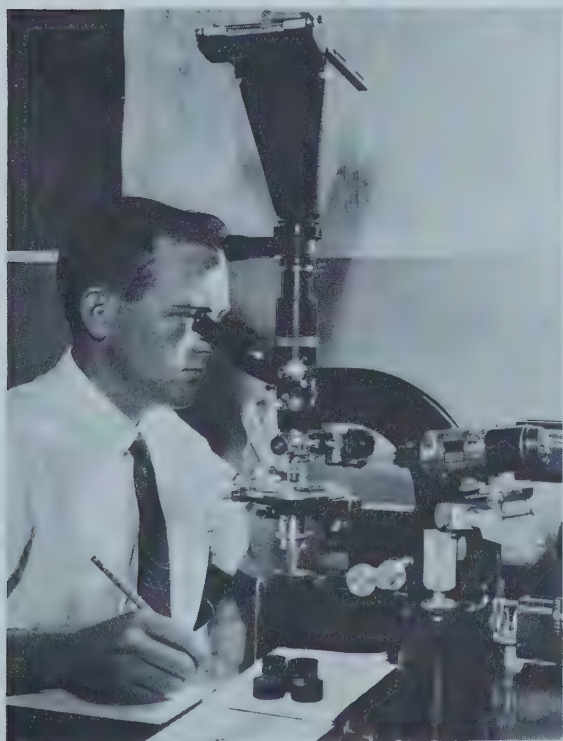


**Kilembe Mines Limited - Uganda** — Mine recruits listen intently as instructor explains miner's lamp and underground safety practices.





*Falconbridge Refinery — Kristiansand S., Norway.*



*Researcher examines ore samples with microscope to determine their mineral composition and other characteristics.*



*The Falconbridge Metallurgical Laboratories at Thornhill, Ontario, carry on a wide range of research and development programs directed to product technology and technical service to customers. Above, laboratory personnel are shown with a research metallograph.*

## ADVERTISING—SALES TECHNICAL LITERATURE

During 1965 a coordinated advertising program was put into effect, and advertisements now appear simultaneously in leading management and trade publications throughout the Free World. The company also placed greater emphasis on its sales technical literature program. To ensure broader coverage, literature is now published in three series (marketing, technical and general), appearing in English, French, German, Italian and Spanish. The company's new Trade Mark, introduced internationally early in 1966, is featured in the first advertisement shown below.



This is the new trademark of Falconbridge, the second largest producer of nickel in the world. Falconbridge, the hub of an international group of mining and industrial companies, employs 13,000 people in seven countries and produces a variety of metal alloys and other products besides nickel. **FALCONBRIDGE®** Toronto, Canada



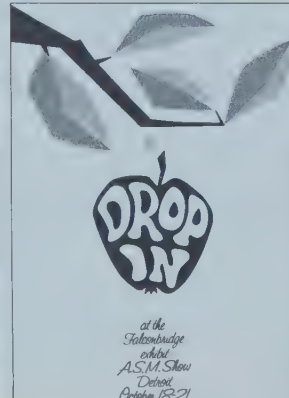
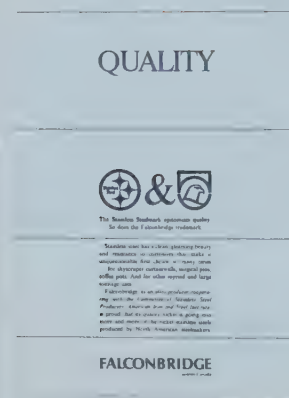
FALCONBERG,



Huge volumes of air hurtle through these large dampers, day and night. The air is consumed in the multi-million dollar magnet plant in Canada, where in this case Falconbridge's metallurgists devised the economic recovery of nickel from lower grade sulphide products, an iron ore byproduct of the same line.

Falconbridge, an international mining and industrial organization, searches the world for minerals and metals for tomorrow.

**FALCONBRIDGE**  
 Limited, Canada







## SERVING WORLD NICKEL MARKETS through the following Sales Offices:

AUSTRALIA	Nickel & Nickel Alloys, 6th Floor — Griff House 324 Pitt Street, Sydney.	LATIN AMERICA	Philipp Brothers (Canada) Ltd. 1245 Sherbrooke St. West, Montreal 25, Canada.
AUSTRIA	Braun & Braun Gesell- schaft für Werksbedarf, Rosensteingasse 71, Vienna 17.	LUXEMBOURG	Métaux Bruts Belges S.p.r.l., Oudaan 8/10, Antwerp, Belgium.
BELGIUM	Métaux Bruts Belges S.p.r.l., Oudaan 8/10, Antwerp.	NEPAL	Metal Distributors (U.K.) Ltd. 59/67 Gresham St., London E.C. 2, England.
CANADA	Falconbridge Nickel Mines Limited 7 King Street East, Toronto, Ontario.	NEW ZEALAND	Automatic Plating Equip- ment Co. (N.Z.) Ltd. 103 Newton Road, Auckland, C.3.
DENMARK	AB Ferrolegeringar, Sveavägen 17, Stockholm, Sweden.	NORWAY	Falconbridge Nikkelverk A/S Kristiansand S.
FINLAND	AB Ferrolegeringar, Sveavägen 17, Stockholm, Sweden.	PAKISTAN	Metal Distributors (U.K.) Ltd. 59/67 Gresham St., London E.C. 2, England.
FRANCE	Dieppedalle & Séailles, 39, Rue du Colisée, Paris 8e.	RHODESIA	Barry Colne & Co. (Pty.) Ltd., 257 Main Street, Johannesburg, South Africa.
GERMANY (WEST)	Hütten Metall G.m.b.H. Neue Mainzer Strasse 40-42, Frankfurt Am Main.	SOUTH AFRICA	Barry Colne & Co. (Pty.) Ltd. 257 Main Street, Johannesburg, South Africa.
HOLLAND	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham St., London E.C. 2, England.	SPAIN	Jorge Pascual S.A., Pje. Marques de Santa Isabel 40, Barcelona 5.
HONG KONG	Jardine, Matheson & Co. Ltd., Industrial Supplies Dept., 22 Pedder Street, Hong Kong.	SWEDEN	AB Ferrolegeringar, Sveavägen 17, Stockholm.
INDIA	Metal Distributors Ltd. Binani Buildings, 38 Strand Road, Calcutta 1.	SWITZERLAND	Voegeli & Co. Metalle, Inhaber J. Kade, Postfach 8032, Zürich.
ISRAEL	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham Street, London E.C. 2, England.	TAIWAN (FORMOSA)	Philipp Brothers (Canada) Ltd. 1245 Sherbrooke St. West, Montreal 25, Canada.
ITALY	"Victoria" S.p.A., Piazza della Vittoria, 4, Genoa.	UNITED KINGDOM	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham Street, London E.C. 2.
JAPAN	Mitsubishi Shoji Kaisha Ltd. 20 Marunouchi 2-Chome, Chiyoda-ku, Tokyo.	UNITED STATES	Falconbridge Nickel Mines Limited 7 King Street East, Toronto 1, Canada.



## GENERAL INFORMATION

### FALCONBRIDGE NICKEL MINES LIMITED

Head Office — 7 King Street East, Toronto 1, Ontario  
Main Office, Sudbury Operations — Falconbridge, Ontario  
Montreal Office — 1478 St. Catherine Street West, Montreal 25, Quebec  
Vancouver Office — 1112 West Pender Street, Vancouver 1, B.C.

#### OPERATIONS IN THE SUDBURY BASIN

Producing Mines: Falconbridge, East, Onaping, Hardy, Fecunis, North  
Under Construction: Strathcona Mine, scheduled for production late 1967 or early 1968  
Mills: Falconbridge, Hardy, Fecunis  
Smelter: Falconbridge  
Iron Ore Recovery (Pyrrhotite) Plant: Falconbridge

#### REFINERY

Falconbridge Nikkelverk A/S, Kristiansand S., Norway

#### RESEARCH LABORATORIES

Thornhill (near Toronto), Lakefield and Falconbridge, Ontario; Kristiansand S., Norway

#### EXPLORATION OFFICES

Toronto and Port Arthur, Ontario; Montreal and Noranda, Quebec; Winnipeg, Manitoba; Vancouver, B.C.

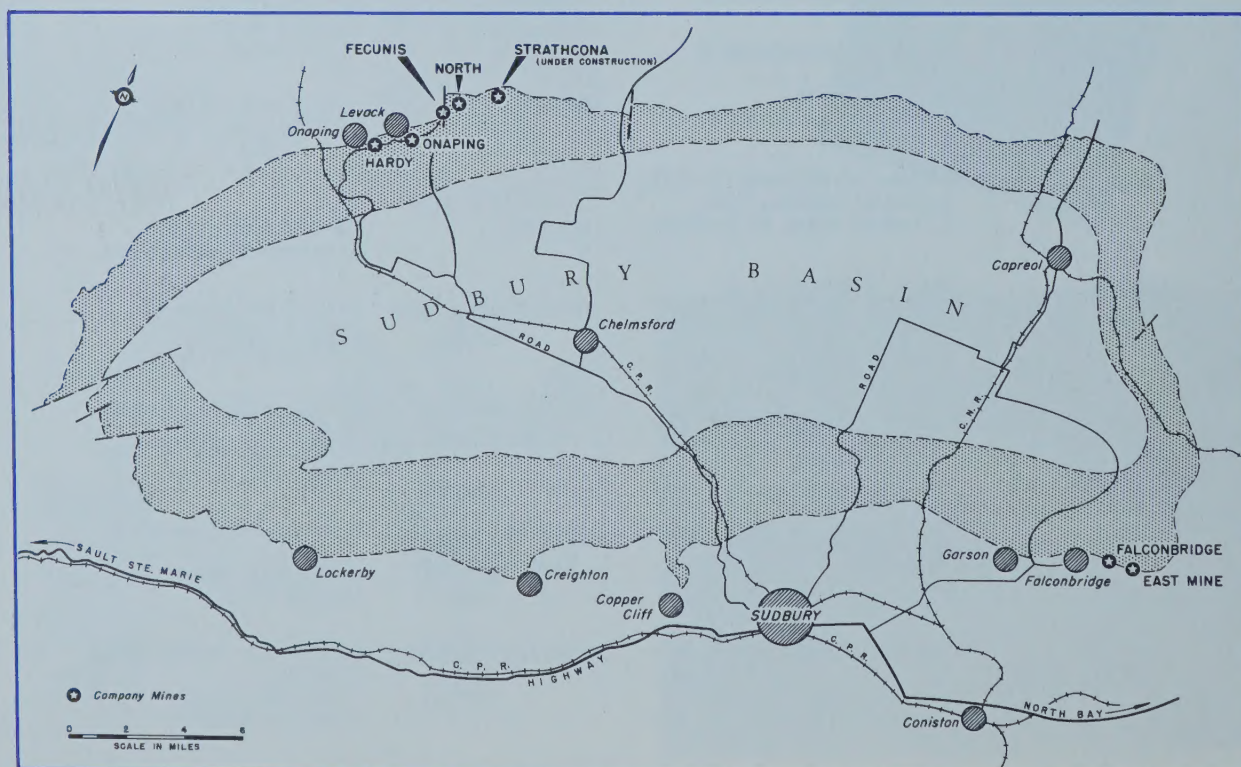
#### PILOT PLANT (Lateritic Nickel Ore)

Falconbridge Dominicana, C. por A., Santo Domingo, Dominican Republic

#### PRODUCTS of Falconbridge Nickel Mines Limited and affiliated companies include:

Nickel, copper, cobalt, gold, silver, platinum, palladium, iridium, rhodium, ruthenium, selenium, lead, iron ore, zinc, cadmium, magnesium, calcium, nepheline syenite, silica, limestone, liquid sulphur dioxide, oil, natural gas; metal and chemical hydrides; carbon and low-alloy steel castings and other products for industrial use.

### LOCATION OF FALCONBRIDGE MINES—SUDBURY BASIN









FALCONBRIDGE



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## Annual Report 1965

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